

Embark Investment Services Limited

Annual Report and Accounts
2025

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COMPANY INFORMATION**Board of Directors**

C J G Moulder (Interim Chair)

C Barua*

D J Brumpton

W L D Chalmers

K A Cooper

M H Cuhls

P G McNamara

S T Nyahasha*

G E Schumacher

M H Trussell

* denotes Executive Director

Company Secretary

K V Raman

Independent Auditors

Deloitte LLP

1 New Street Square

London

EC4A 3HQ

Registered Office

33 Old Broad Street

London

EC2N 1HZ

Company Registration Number

09955930

STRATEGIC REPORT

The Directors present their Strategic Report on Embark Investment Services Limited (the 'Company') for the year ended 31 December 2025. The Company is limited by shares.

The Company is a subsidiary of Scottish Widows Group Limited (SWG) and contributes to the results of the Insurance, Pensions and Investments (IP&I) Division of Lloyds Banking Group.

Principal activities

The Company provides a low-cost investment administration platform to financial advisers and, in white-label format, execution only distribution partners. Built on market leading technology, the 'Scottish Widows Platform' offers a wide range of wrap products and investments and makes extensive use of straight-through processing to fully automate major processes. There have been no changes to the principal activities of the Company throughout the year.

The Company is authorised and regulated by the Financial Conduct Authority (FCA) and has obtained the necessary regulatory permissions to undertake its activities.

Result for the year

The loss before tax for the year ending 31 December 2025 was £7,695k (2024: profit before tax of £1,739k) with total revenue of £70,587k (2024: £69,275k). The increased loss before tax was a result of increased operating expenses incurred in the year.

To support the transformation of the business, £10,000k (2024: £14,000k) of additional capital was injected in 2025 by the parent company, Embark Group Limited. As at 31 December 2025, the Company had calculated liquid capital of £46,165k (2024: £40,362k), surplus regulatory capital of £21,961k (2024: 17,841k) giving a capital ratio of 191% (2024: 179%). The Company calculates its regulatory capital monthly under the rules prescribed by the FCA and formally reports this to the FCA quarterly.

Economic Environment

The UK economy proved resilient to global challenges in 2025. Although elevated inflation and pay growth resulted in slower interest rate cuts than in the US and Eurozone, real-wages grew and households' spending growth rose. Low private sector indebtedness and high household savings provide resilience and capacity for improving growth.

Our strategy and business model position us well in both constructive and more challenging economic environments. Our transformation allied to our strong customer franchise captures opportunity by effectively meeting evolving customer needs and demands, diversifying income streams, and with greater efficiency.

Climate Change

Creating a sustainable future is core to the Lloyds Banking Group purpose of Helping Britain Prosper. The Company is guided by the Lloyds Banking Group strategy which focuses on areas where we can have impact, supporting the UK's transition to net zero through lending, investments, products and services.

In 2022, SWG launched its initial climate action plan that set out a long-term strategy with actions to drive the investment portfolio towards net zero by 2050, as well as targeting by 2025, the investment of between £20 billion and £25 billion in climate investing strategies. The original target was achieved at the end of 2024. At year-end 2025, £81.3bn is invested in climate aware investment strategies. This is a significant rise from what has already been achieved, driven by the launch of the new workplace proposition, Scottish Widows Lifetime Investment, which includes a higher proportion of climate aware Environmental Social & Governance (ESG)-tilted investment strategies. In 2025, SWG published an updated Transition Plan that outlines how climate strategy is being advanced to deliver good outcomes for customers. SWG remains committed to the ambition of achieving net zero across the investment portfolio by 2050, with the interim target of halving the carbon footprint by 2030 (relative to a 2019 baseline). The Plan shifts focus from portfolio decarbonisation towards enabling real-world emissions reduction and delivering resilient, responsible investment outcomes for customers. Further information can be found in the Scottish Widows Transition Plan.

The Company is supportive of the Task Force on Climate-Related Financial Disclosures (TCFD) framework and related regulatory expectations and has been included within the Lloyds Banking Group Sustainability Report. The Report is available on the Lloyds Banking Group website at www.lloydsbankinggroup.com/investors/financial-downloads.html.

The Company is subject to the requirements of the FCA's Environmental, Social and Governance sourcebook (the sourcebook) and must therefore publish its own entity level TCFD aligned report which complies with the sourcebook requirements. The report for the 2025 year-end will be published on the Embark Group website at www.embarkgroup.co.uk/platform-funds-tcfid-reports/ prior to 30 June 2026.

The Company has taken advantage of the exemption from the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 reporting requirements in respect of its own Strategic Report, as the required TCFD disclosures are included in the strategic report and accounts of its ultimate parent company, Lloyds Banking Group plc, available at www.lloydsbankinggroup.com/investors/financialdownloads.html.

STRATEGIC REPORT (continued)**Key performance indicators (KPIs)**

The key financial performance indicators for the Company are revenue and profit before tax. Financial performance indicators are presented throughout these financial statements. The key non-financial performance indicators are client numbers and assets under administration (AuA), these are also presented below.

The total value of AuA of the Company on 31 December 2025 increased to £28,017m (2024: £24,264m). AuA of the Company consist of safe custody assets, which the Company administers for its clients, and client money balances, for which the Company holds legal title on trust for its clients. These assets are not recognised as assets on the Statement of Financial Position of the Company.

Account numbers represents the number of accounts served by Embark Investment Services Limited. As at 31 December 2024 and 2025, these balances were:

| Account Numbers at Year End | 2025 | Net Change | 2024 |
|------------------------------------|----------------|-------------------|----------------|
| SIPP | 125,069 | 12,097 | 112,972 |
| WRAP | 253,893 | (112,206) | 366,099 |
| Total | 378,962 | (100,109) | 479,071 |

The decrease in account numbers was due to the termination of a contract with a white label partner. Despite the decrease in account numbers, total revenue and AuA have increased year-on-year.

Outlook

The Directors consider that the Company's principal activities will continue to be unchanged in the foreseeable future.

Principal risks and uncertainties

Risks and uncertainties to our strategic plan, both positive and negative, are considered through the planning process. The following table describes the principal risks faced by the Company. Further details on financial risks and how the Company mitigates them can be found in note 14, as shown by the note reference.

Financial risks

| Principal Risk | Note reference | Description |
|-----------------------|-----------------------|--|
| Credit risk | 14(a) | Credit risk is the risk that parties with whom we contract, fail to meet their financial obligations. The Company is subject to credit risk through a variety of counterparties through invested assets and bank accounts. Credit risk is mitigated via the Credit Risk Policy framework, which ensures exposures are appropriately monitored and action taken where necessary. |
| Market risk | 14(b) (c) | Market risk is the risk that the Company's capital or earnings profile is affected by adverse market rates. Of particular importance to the Company are equity risk and interest rate risk. External rates are outwith the Company's control, so mitigation is via having sufficient financial reserves to recover reduced earnings. |
| Liquidity risk | 14(d) | Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its commitments as they fall due, or can only secure them at excessive cost. The Company is exposed to liquidity risk from client related trading activity and the payment of shareholder expenses. Liquidity risk is mitigated by applying the Liquidity Risk Policy, which includes controls to maintain liquidity at necessary levels. |
| Capital risk | 14(e) | Capital risk is defined as the risk that an insufficient quantity or quality of capital is held to meet regulatory requirements or to support business strategy, an inefficient level of capital is held or that capital is inefficiently deployed across the Company. The Company's objectives when managing capital are to ensure that sufficient capital is available to safeguard the Company's ability to continue as a going concern so that it can continue to provide a return to the shareholder. Capital risk is managed via the Capital Risk policy, which includes tools and governance to monitor and allocate capital accordingly. |

STRATEGIC REPORT (continued)**Principal risks and uncertainties (continued)***Non-financial risks*

| Principal Risk | Description |
|-----------------------|---|
| Operational risk | Operational risk is the risk of loss from inadequate or failed internal processes, people and systems or from external events. This includes risks around Information, Cyber and Physical Security, IT Systems, Data and Privacy, Internal and External Supplier, People, Business Continuity, Payments and Transaction Execution, Financial Reporting (including Tax), Health & Safety and Premises, Change Execution risk. Operational risk is managed through an operational risk framework. The Company maintains a formal approach to operational risk event escalation, whereby material events are identified, captured and escalated. Root causes of events are determined, and action plans put in place to ensure an optimum level of control to keep customers and the business safe, reduce costs, and improve efficiency. |
| Climate risk | The Group defines Climate Risk as the risk from the impacts of climate change and the transition to net zero ('inbound risk'), or a result of the Group's response to tackling climate change and supporting the transition to net zero ('outbound risk'). |

STRATEGIC REPORT (continued)

Section 172(1) Statement and Statement of Engagement with Other Stakeholders

This section is our Section 172(1) statement for the purposes of the Companies Act 2006 (the Act), describing how the directors have had regard to the matters set out in section 172(1) (a) to (f) of the Act when performing their duty to promote the success of the Company under section 172.

Further detail on stakeholder interaction is contained within the Directors' Report on pages 10 to 12. The directors remain mindful in all their deliberations of the long-term consequences of their decisions, as well as the importance of Scottish Widows maintaining a reputation for high standards of business conduct and the Board engaging with, and taking account of the views of, its key stakeholders, including customers, shareholders, colleagues, regulators and the government, suppliers, communities and the environment.

As a subsidiary of Lloyds Banking Group plc, Embark Investment Services Limited follows many of Lloyds Banking Group's processes and practices, which are referred to in this statement where relevant.

The three key Board decisions outlined in this section (Customer-focused strategy, Consumer Duty and Operational resilience) illustrate how the Board is engaged in key decisions.

Decision 1 - Customer Focused Strategy

Board Considerations:

The Group's customer-centric approach underpins its strategic ambitions. The Board remains committed to understanding and addressing customer needs, ensuring these priorities are central to decision-making.

In July the Board reviewed plans to build out the Scottish Widows product offering.

Future Focus:

The Board will continue to place customers at the heart of its decisions, focusing on how the Group can best support them and enhance their overall experience.

Decision 2 - Consumer Duty

Board Considerations:

Throughout 2025, the Board has monitored the embedding of Consumer Duty requirements to deliver good customer outcomes for customers in line with the Group's customer-centric strategy.

Board Initiatives:

- Management Information (MI) – Consumer Duty MI has significantly evolved over the past 12 months, enabling the creation of a comprehensive MI dashboard which supports regular deep dives into specific topics or themes.
- June 2025 – the Board approved an assessment confirming that the Company is delivering good customer outcomes in line with Consumer Duty.

Future Focus:

The Board recognises that compliance with Consumer Duty will continue to embed. Progress updates will be provided in 2026, with regular customer engagement remaining a key priority.

Decision 3 - Operational Resilience

Board Considerations:

The Board considers operational resilience and sound risk management to be fundamental for customers and to the strength of the Company and its long-term success.

Board Initiatives:

- July – the Board approved the bi-annual Operational Resilience Self-Assessment and to move to an annual Self-Assessment in line with the Lloyds Banking Group process.
- October – a majority of the Independent Directors received a deep dive on Group Operational Resilience & Third-Party Risk Management to enable them to continue to provide effective challenge and assurance on operational resilience.

Future focus:

The Board will continue to monitor operational resilience capabilities in 2026 and will maintain focus on response, recovery and remediation plans until 2027.

STRATEGIC REPORT (continued)

Section 172(1) Statement and Statement of Engagement with Other Stakeholders (continued)

Customers

The Company's customer-centric approach means the Board has an ongoing commitment to understanding and addressing customer needs, which remains central to achieving the Company's strategic ambitions.

Board Initiatives:

- Trustpilot scores – were tracked as a key measure for strengthening customer trust; and
- Consumer Duty – the Board received regular updates (including via the Risk Oversight Committee (ROC)) on management's progress and how the Board's obligations were being met.

Shareholders

The Company is a wholly owned subsidiary of Lloyds Banking Group.

The Shareholder seeks a financial return on its investment, delivered through dividends.

Any dividend paid during the year is disclosed in the Directors' Report.

As a wholly owned subsidiary, the Board ensures that the Company's strategy, priorities, processes, and practices are aligned, where appropriate, with those of its Shareholder, recognising the Shareholder's interests at all times.

Examples of Board engagement included:

- Shareholder director – one Lloyds Banking Group director also serves as a non-executive director on the Company's Board; and
- Joint strategy session and Audit & Risk Forum – directors participated in a joint session with the Boards of Lloyds Banking Group and of the Company's fellow Lloyds Banking Group subsidiary, Lloyds Bank Corporate Markets plc.

Colleagues

The Company does not directly employ colleagues; they are employed by other Lloyds Banking Group entities.

However, the Board, both directly and through its People Committee, actively considers matters affecting colleagues that are relevant to the Company, particularly in fulfilling its responsibilities under the Social pillar of its ESG strategy.

Examples of Board engagement included:

- Property – reviewing the impact on colleagues of changes to the Group's Edinburgh property estate;
- People metrics – assessing metrics across diversity, absence, and hybrid working; and
- Colleague survey – challenging management on the results of the 2025 colleague survey and cultural priorities.

Communities and the Environment

The Scottish Widows Board is the ultimate authorisation body for matters which concern the operation of Scottish Widows' business and is responsible for approving the Scottish Widows Transition Plan and Insurance, Pensions and Investments' strategic response to ESG matters.

Further details are available in the Strategic Report of the Scottish Widows 2025 Annual Report and Accounts on the Scottish Widows' website.

Regulators and the government

The Company is regulated by the FCA.

The Company continually engages with regulators and other Government authorities (as part of the wider Scottish Widows Group) to ensure the Company supports and delivers in line with current and developing regulation and legislation.

Regulatory agenda – directors maintained ongoing dialogue with regulators on various matters within the regulatory agenda as part of normal business activity.

STRATEGIC REPORT (continued)**Section 172(1) Statement and Statement of Engagement with Other Stakeholders (continued)****Suppliers**

The Company is part of Lloyds Banking Group and has entered into strategic partnerships for important aspects of its operations and customer service provision.

As well as external partners, the Company relies on intra-group supplier arrangements for certain services.

The Board delegates to management the primary responsibility of overseeing external supplier relationships.

Examples of Board engagement included:

- Supplier performance – the Board oversees management’s effectiveness in managing supplier performance and relationships, including third-party customer servicing arrangements;
- Lloyds Banking Group’s Sourcing and Supply Chain Management Policy – and ensuring this was applied in a manner appropriate for the Company, while ensuring that significant supplier contracts received Board approval; and
- Supplier compliance – suppliers must comply with Lloyds Banking Group’s Supplier Code of Responsibility, available on the Lloyds Banking Group website.

Modern slavery

The Responsible Business Committee of the Board of Lloyds Banking Group, as part of its oversight of its performance (including that of the Company) as a responsible business, governs the approach to human rights.

Lloyds Banking Group’s Human Rights Position Statement can be found on the Lloyds Banking Group website.

The Company’s day-to-day management of modern slavery and human rights is supported and coordinated by the Lloyds Banking Group Human Rights Manager, who is part of the Lloyds Banking Group Sustainable Business function, and is guided by a cross divisional working group, the Modern Slavery and Human Rights Working Group.

The IP&I Executive Committee governs (and approves) this Statement as it relates to the Company. The statement is published on the Scottish Widows website.

Diversity

In line with Lloyds Banking Group strategy and activity to maximise the potential of people, its goal is to ensure inclusion is at the heart of everything it does.

Further details of Lloyds Banking Group’s diversity targets are set out in its Annual Report and Accounts available on its website.

The Strategic Report has been approved by the Board of Directors and signed on its behalf by:



S T Nyahasha
Director

For and on behalf of the Board of Directors
19 March 2026

DIRECTORS' REPORT

The Directors present the audited financial statements of the Company. The Company is a limited company, domiciled and incorporated in England and Wales.

The Company is a subsidiary of Embark Group Limited, a wholly owned subsidiary of Scottish Widows Group Limited. The Company's ultimate parent company and ultimate controlling party is Lloyds Banking Group plc.

Results for the year and dividends

The loss after taxation for the year ended 31 December 2025 was £5,771k (2024: profit after taxation of £3,352k). The Directors do not recommend the payment of an interim dividend (2024: £nil).

Directors

The Directors who served in the year and up to the date of this report, except as noted, were:

| | |
|----------------|-----------------------------|
| C Barua | |
| D J Brumpton | (Appointed 2 February 2026) |
| W L D Chalmers | |
| K A Cooper | |
| M H Cuhls | |
| P G McNamara | |
| C J G Moulder | |
| S T Nyahasha | |
| G E Schumacher | |
| M H Trussell | (Appointed 7 July 2025) |
| D L Davis | (Resigned 18 March 2025) |
| J K Harris | (Resigned 4 June 2025) |
| J S Wheway | (Resigned 31 October 2025) |

Directors Indemnities

Lloyds Banking Group plc has granted to the Directors of the Company a deed of indemnity which constitutes 'qualifying third party indemnity provisions' for the purposes of the Companies Act 2006. The deed was in force during the whole of the financial year and at the date of approval of the financial statements or from the date of appointment in respect of any Director who joined the board of the Company during the financial year. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this deed of indemnity during that period of service. The Deed for existing Directors is available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

Employees

Lloyds Banking Group is committed to providing employment practices and policies which recognise the diversity of the workforce and ensure equality for employees regardless of sex, race, disability, age, sexual orientation or religious belief. In the UK, Lloyds Banking Group belongs to the major employer groups campaigning for equality for all staff, including Employers' Forum on Disability, Employers' Forum on Age and Stonewall. Lloyds Banking Group is also represented on the Board of Race for Opportunity and the Equal Opportunities Commission. Involvement with these organisations enables Lloyds Banking Group to identify and implement best practice for staff.

Lloyds Banking Group encourages and gives full and fair consideration to job applications from people with a disability and are unbiased in the way it assesses, selects, appoints, trains and promotes people. Lloyds Banking Group encourages job applications from those with a disability and continues to run a work experience programme with Remploy to support people with disabilities wanting to enter the workplace.

Lloyds Banking Group is committed to continuing the employment of, and for arranging appropriate training for, its employees who have become disabled persons during the period when they were employed by the Company.

Employees are kept closely involved in major changes affecting them through such measures as team meetings, briefings, internal communications and opinion surveys. These meetings, briefings and internal communications also serve to achieve a common awareness of the financial and economic factors that affect the performance of the Company and the Group. There are well-established procedures, including regular meetings with recognised unions, to ensure that the views of employees are taken into account in reaching decisions. Schemes offering share options or the acquisition of shares are available for most staff, to encourage their financial involvement in Lloyds Banking Group.

The Company has no employees as colleagues are employed by other subsidiaries within Lloyds Banking Group.

DIRECTORS' REPORT (continued)

Going Concern

The Directors have given careful consideration to the future prospects of the Company in deciding upon the appropriateness of the going concern basis of preparation. The financial position of the Company, its cash flows, liquidity, and financial position have been reviewed by the Directors for the next 12 months from the date of this report, taking into account uncertainties within the forecasts arising from both internal and external market factors. The liquidity and financial position of the wider Group have also been considered as part of the review.

Based on this review, the Directors are comfortable that the Company has adequate resources available to continue in operational existence for the foreseeable future, being the next 12 months from the date of this report. Thus, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

Engagement with suppliers, customers and others

Disclosures relating to engagement with supplier, customers and others are included in the Company's Strategic Report and are therefore incorporated into this report by reference.

Financial risk management

Disclosures relating to financial risk management are included in note 14 to the financial statements and are therefore incorporated into this report by reference.

Future Developments

Factors likely to affect the future developments of the Company have been disclosed in the Strategic Report on page 4.

Political Donations

Political donations during the year were £nil (2024: £nil).

Subsequent events

There were no events subsequent to the reporting date for disclosure in this report.

Streamlined Energy and Carbon Reporting

The Company has taken an exemption from Streamlined Energy and Carbon Reporting (SECR), in its own Directors' Report as it is included within the group SECR report given in the Lloyds Banking Group plc 2025 Annual Report and Accounts, available on the Lloyds Banking Group plc website.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' and Strategic Reports and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the company's financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements comply with international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT (continued)**Disclosure of information to auditor**

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Deloitte LLP are deemed to be re-appointed as auditor under section 487(2) of the Companies Act 2006.

The Directors' Report has been approved by the Board of Directors and signed on its behalf by:



S T Nyahasha
Director
For and on behalf of the Board of Directors
19 March 2026

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMBARK INVESTMENT SERVICES LIMITED**Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of Embark Investment Services Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the directors

As explained more fully in the statement of directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMBARK INVESTMENT SERVICES LIMITED (Continued)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of its policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, HMRC Corporate tax and VAT manual; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Financial Conduct Authority (FCA) regulatory permissions, GDPR, Bribery Act and Financial Services and Markets Act 2000.

We discussed among the audit engagement team including relevant internal specialists such as IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our procedures performed to address them are described below:

- We identified a potential for fraud in revenue recognition in relation to the fee rates applied in calculating the wrap platform administration fees being inaccurate. We have obtained an understanding of the key controls for revenue reporting and subsequently tested the design and implementation of the key controls identified. We worked with our Analytics and Modelling specialist to perform a combination of recalculation and detailed testing of fees earned. We tested the completeness and accuracy of the key inputs to this recalculation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, reviewing correspondence with the FCA and reviewing internal audit reports

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMBARK INVESTMENT SERVICES LIMITED
(Continued)****Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Peter van Daesdonk FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19 March 2026

Statement of Comprehensive Income

For the year ended 31 December 2025

| | Notes | 2025 £'000 | 2024 £'000 |
|--|-------|----------------|---------------|
| Revenue | 3 | 70,587 | 69,275 |
| Administrative expenses | | (78,480) | (67,291) |
| Impairment loss on trade receivables | 8 | (545) | (232) |
| Net insurance service income | 17 | 337 | 328 |
| Net expense from reinsurance contracts held | 17 | (340) | (328) |
| Operating (loss)/profit | | (8,441) | 1,752 |
| Insurance finance income from insurance contracts issued | 17 | 42 | 412 |
| Finance expenses from reinsurance contracts held | 17 | (42) | (410) |
| Net investment income/(expense) | 5 | 746 | (15) |
| (Loss)/Profit before tax | | (7,695) | 1,739 |
| Tax credit | 6 | 1,924 | 1,613 |
| Total comprehensive (loss)/profit for the year | | (5,771) | 3,352 |

All results are derived from continuing operations.

The Company has no other items of comprehensive income and as such the total comprehensive income for the year is the same as the profit for the year.

The notes on pages 20 to 43 form an integral part of the financial statements.

Statement of Financial Position

At 31 December 2025

| | Notes | 2025 £'000 | 2024 £'000 |
|--------------------------------|-------|---------------|---------------|
| Non-current assets | | | |
| Deferred tax asset | 7 | 3,899 | 3,899 |
| | | 3,899 | 3,899 |
| Current assets | | | |
| Trade and other receivables | 8 | 15,114 | 13,166 |
| Reinsurance contract assets | 17 | 409 | 813 |
| Current tax asset | 6 | 1,924 | – |
| Cash and cash equivalents | 9 | 42,182 | 36,374 |
| | | 59,629 | 50,353 |
| Total assets | | 63,528 | 54,252 |
| Current liabilities | | | |
| Trade and other payables | 10 | (12,263) | (5,063) |
| Provisions | 11 | (792) | (2,367) |
| Current tax liability | 6 | – | (177) |
| Insurance contract liabilities | 17 | (409) | (810) |
| Total liabilities | | (13,464) | (8,417) |
| Net current assets | | 46,165 | 41,936 |
| Net assets | | 50,064 | 45,835 |
| Equity | | | |
| Share capital | 12 | 70,855 | 60,855 |
| Retained losses | | (20,791) | (15,020) |
| Total equity | | 50,064 | 45,835 |

Registered No. 09955930

Retained losses of the Company includes loss for the year of £5,771k (2024: profit of £3,352k).

The notes on pages 20 to 43 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 19 March 2026. They were signed on its behalf by:


S T Nyahasha
Director

Statement of Changes in Equity

For the year ended 31 December 2025

| | Share capital £'000 | Retained losses £'000 | Total equity £'000 |
|---|------------------------------------|--------------------------------------|-----------------------------------|
| Balance at 1 January 2024 | 46,855 | (18,372) | 28,483 |
| Issue of shares during the year | 14,000 | – | 14,000 |
| Total comprehensive income for the year | – | 3,352 | 3,352 |
| Balance at 31 December 2024 | 60,855 | (15,020) | 45,835 |
| Issue of shares during the year | 10,000 | – | 10,000 |
| Total comprehensive loss for the year | – | (5,771) | (5,771) |
| Balance at 31 December 2025 | 70,855 | (20,791) | 50,064 |

The notes on the following pages 20 to 43 form an integral part of the financial statements.

Statement of Cash Flows

For the year ended 31 December 2025

| | Notes | 2025 £'000 | 2024 £'000 |
|---|----------|---------------|---------------|
| Net cash used in operating activities | 13 | (4,468) | (30) |
| Investing activities | | | |
| Net interest received/(paid) | | 746 | (15) |
| Net cash from/(used in) investing activities | | 746 | (15) |
| Financing activities | | | |
| Proceeds from issue of share capital | | 10,000 | 14,000 |
| Net cash from financing activities | | 10,000 | 14,000 |
| Net increase in cash and cash equivalents | | 6,278 | 13,955 |
| Cash and cash equivalents at beginning of year | | 36,374 | 22,666 |
| Effect of exchange rates on cash and cash equivalents | | (470) | (247) |
| Cash and cash equivalents at end of year | 9 | 42,182 | 36,374 |

The notes on the following pages 20 to 43 form an integral part of the financial statements.

Notes to the financial statements

1. Accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

The financial statements of the Company have been prepared:

- (1) in accordance with United Kingdom adopted international accounting standards and in conformity with the requirements of the Companies Act 2006
- (2) under the historical cost convention, as modified by the revaluation of investment properties and certain financial assets and financial liabilities at fair value through profit or loss, as set out in the relevant accounting policies

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

In accordance with IAS 1 'Presentation of Financial Statements', assets and liabilities in the balance sheet are presented in accordance with management's estimated order of liquidity. Analysis of the assets and liabilities of the Company into amounts expected to be received or settled within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

The International Accounting Standards Board (IASB) has issued an amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates, effective 1 January 2025. This amendment has not had a significant impact on the Company.

Cash Flow Statement

The Statement of Cash Flows shows the changes in cash and cash equivalents arising during the year from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated. Interest received or paid is classed as investing cash flows.

Future Accounting Developments

There are a number of new accounting pronouncements issued by the IASB with an effective date of 1 January 2027, including IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements. While many of the existing requirements of IAS 1 Presentation of Financial Statements are retained, IFRS 18 Presentation and Disclosure in Financial Statements introduces additional disclosure obligations in relation to the structure of the income statement, management-defined performance measures, and the aggregation and disaggregation of financial information. IFRS 18 will have no impact on the Company's net profit as it impacts neither recognition nor measurement. The new standard will impact the presentation of the Company's results as it requires that operating, investing and financing activities are presented separately. There will also be a change in the Group's cash flow statement as IFRS 18 requires that the first line of the cash flow statement is operating profit rather than profit before tax.

IFRS 19 Subsidiaries without Public Accountability: Disclosures is being assessed and is not expected to have a significant impact on the Company. IFRS 19 has yet to be endorsed for use in the UK.

The IASB has issued its annual improvements and a number of amendments to the IFRS Accounting Standards effective 1 January 2026, including Amendments to IFRS 9 Financial Instruments and Amendments to IFRS 7 Financial Instruments Disclosures. These improvements and amendments are not expected to have a significant impact on the Company.

Operating profit

Operating profit is stated after the inclusion of all operating items, but before financing costs and income from investments.

Notes to the financial statements

1. Accounting policies (continued)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activity. Revenue is shown net of value added tax ("VAT"), returns, rebates and discounts.

The Company recognises revenue when the amount of the revenue can be reliably measured, it is probable that the future economic benefits will flow to the Company and when specific criteria have been met.

Wrap platform administration services are recognised on the following basis:

- Routine activity fees are recognised at a point in time on completion of the specified activity, net of VAT.
- Transaction fees are recognised at a point in time as the service is provided, net of VAT.
- Annual fees are settled monthly in arrears and are recognised evenly over the period of time to which they relate, in line with the provision of the service, net of VAT.

Payment terms for all fees range from 0-30 days.

Treasury revenue is primarily earned on client money balances placed with banking counterparties. Revenue is recognised on an accruals basis, calculated using effective interest rates and the carrying value of the financial asset.

Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Expense recognition

Administration costs are recognised in the statement of comprehensive income as accrued, within administrative expenses.

Taxation, including deferred income taxes

Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the Statement of Comprehensive Income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the Statement of Comprehensive Income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by His Majesty's Revenue and Customs (HMRC) or other relevant tax authority, it is more likely than not that an economic outflow will occur. Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are re-measured as required to reflect current information.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are generally recognised for all taxable temporary differences but not recognised for taxable temporary differences arising on investments in subsidiaries where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognised on temporary differences that arise from goodwill which is not deductible for tax purposes.

Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences can be utilised, and are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. In certain cases where forecast profits are not expected to be sufficient to support the recognition of a deferred tax asset on a standalone entity basis, further consideration has been given to the availability of UK group relief with connected companies to support the recognition.

Notes to the financial statements

1. Accounting policies (continued)

Taxation, including deferred income taxes (continued)

Deferred tax assets and liabilities are not recognised in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination. Deferred tax is not discounted.

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS12 Income Taxes.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Financial instruments

(i) Classification

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are measured at FVTPL. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(ii) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

(iii) Subsequent measurement and gains and losses

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iv) Impairment

The Company recognises loss allowances for expected credit losses ("ECLs") on financial assets. The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held) as this is the point at which the Company is no longer able to realise the full value of the asset.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Notes to the financial statements

1. Accounting policies (continued)

IFRS17 'Insurance Contracts'

Insurance liabilities arise from a return of contribution on death benefit provided on accounts opened prior to 29 April 2011 in the legacy CUTAS book of business. The insurance contract liability represents the estimated liability for any shortfall in the value of units on the additional benefit provided by the Company to investors in the event of death of an investor, where the Company will pay the greater of the fund value and the investments made, less any distributions and withdrawals taken. The contracts are fully reinsured under the Group Life Assurance Arrangement ("GLAA") with Zurich Assurance Limited ("ZAL"). The CUTAS book and the GLAA were novated to the Company from Sterling ISA Managers Limited ("SIML") on 17 February 2023 and insurance contract liabilities and reinsurance assets must be reported under IFRS17 from this date.

IFRS 17 'Insurance Contracts' requires insurance contracts, including reinsurance contracts to be recognised on the balance sheet as the total of the fulfilment cash flows and the contractual service margin ("CSM"):

- The fulfilment cash flows consist of the present value of future cash flows calculated using best estimate assumptions, together with an explicit risk adjustment for non-financial risk and are required to be remeasured at each reporting date
- CSM represents the unearned profit, where applicable, on the insurance and reinsurance contracts

Changes to estimates of fulfilment cash flows which relate to future service are taken to the CSM, except where onerous contracts are identified. The Company calculates the risk adjustment by applying margins to best estimate cashflows relating to non-financial risks (which are mortality and persistency). The risk adjustment will be released to the income statement as risk expires. For reinsurance contracts held, the CSM represents the net cost or net gain of purchasing reinsurance and the risk adjustment represents the amount of risk transferred from the underlying contracts held.

Under IFRS 17, the Company recognises insurance contract liabilities as best estimate liabilities for future cash flows, plus a risk adjustment for non-financial risk and a CSM. The CSM represents the expected profit for providing insurance contract services and will be released to the income statement throughout the contract period over which the insurance contract services are provided. The risk adjustment is released commensurate with the expiry of non-financial risk associated with the valuation of best estimate cash flows. Assets are recognised for reinsurance contracts held, also comprising best estimate liabilities for future cash flows, plus a risk adjustment and a CSM.

IFRS17 permits the losses expected from the insurance contract liabilities to be offset against the expected recoveries from the ZAL reinsurance contract, creating a loss-recovery component. The loss-recovery component reduces the amount of the reinsurance CSM, and minimises the impact of subsequent changes in assumptions or experience variances.

Insurance finance income or expenses for the period are included in the statement of comprehensive income.

2. Critical accounting judgements and key sources of estimation uncertainty

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year or in the period of the revision and future financial years if the revision affects both current and future financial years.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below:

Insurance contract liabilities and reinsurance contract assets (accounting judgement)

An insurance liability has been recognised on the statement of financial position in respect of the probable future cost associated with contracts containing a return of contribution on death benefit. In calculating the liability actuarial assumptions have been used. The key assumptions used in the measurement of the liability are as follows:

- Future interest rates
- Mortality
- Persistency
- Equity volatility

There is a corresponding reinsurance asset subject to the same assumptions. Further information on these assumptions and sensitivities are disclosed in note 17.

Legal actions and regulatory matters (source of estimation uncertainty)

In the course of its business the Company is subject to other complaints and threatened or actual legal proceedings (including class or group action claims) brought by or on behalf of current or former employees, customers (including their appointed representatives), investors or other third parties, as well as legal and regulatory reviews, enquiries and examinations, requests for information, audits, challenges, investigations and enforcement actions, which could relate to a number of issues. This includes matters in relation to compliance with applicable laws and regulations, such as those relating to consumer protection, investment advice, business conduct, systems and controls, environmental, competition/anti-trust, tax, anti-bribery, anti-money laundering and sanctions, some of which may be beyond the Company's control, both in the UK and overseas. Where material, such matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Company incurring a liability. The Company does not currently expect the final outcome of any such case to have a material adverse effect on its financial position, operations or cash flows.

Notes to the financial statements

3. Revenue

(i) Disaggregation of revenue

An analysis of the Company's revenue is as follows:

| | 2025 £'000 | 2024 £'000 |
|---------------------------------------|---------------|---------------|
| Wrap platform administration services | 54,260 | 51,472 |
| Other revenue | 678 | – |
| Treasury revenue | 15,649 | 17,803 |
| | 70,587 | 69,275 |

Turnover arises entirely in the UK.

Timing of transfer of goods or services:

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Products and services transferred at a point in time | 5,953 | 4,823 |
| Products and services transferred over time | 64,634 | 64,452 |
| | 70,587 | 69,275 |

(ii) Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

| | Notes | 31 December 2025 £'000 | 31 December 2024 £'000 |
|----------------------|-------|------------------------------|------------------------------|
| Receivables | 8 | 822 | 617 |
| Contract liabilities | 10 | – | 678 |

The amount of revenue recognised in current period that was included in the contract liability balance at the beginning of the period was £678k.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

| 2025 | Contract liabilities £'000 |
|---|----------------------------------|
| Revenue recognised that was included in the contract liability balance at the beginning of the period | (678) |
| Increases due to cash received, excluding amounts recognised as revenue during the period | – |
| | (678) |

All of the Company's contracts have an expected duration of one year or less and the Company therefore applies the practical expedients in IFRS 15.63 and 15.121 and does not adjust the promised amount of consideration for the effects of a significant financing component or disclose information about its remaining performance obligation.

4. Auditor's remuneration

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Fees payable to the Company's auditor | | |
| Audit of these financial statements | 340 | 320 |
| Audit-related assurance services | 640 | 634 |
| | 980 | 954 |

Notes to the financial statements

5. Net investment expense

| | 2025 £'000 | 2024 £'000 |
|---|---------------|---------------|
| Interest on bank deposits | 806 | 97 |
| Interest payable and similar charges on bank deposits | (60) | (112) |
| | 746 | (15) |

6. Taxation

a) Analysis of tax credit for the year

| | 2025 £'000 | 2024 £'000 |
|---|---------------|---------------|
| UK corporation tax | | |
| - Current tax on taxable (loss)/profit for the year | 1,924 | (178) |
| - Adjustments in respect of prior years | – | 12 |
| Current tax credit/(expense) | 1,924 | (166) |
| UK deferred tax | | |
| - Origination and reversal of timing differences | – | (258) |
| - Adjustments in respect of prior years | – | 2,037 |
| Deferred tax credit | – | 1,779 |
| Tax credit | 1,924 | 1,613 |

Corporation tax is calculated at a rate of 25% (2024: 25%) of the taxable profit for the year.

b) Factors affecting the tax credit for the year

A reconciliation of the credit that would result from applying the standard UK corporation tax rate to the profit/(loss) before tax to the actual tax credit for the year is given below:

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| (Loss)/Profit before tax: | (7,695) | 1,739 |
| Tax credit/(expense) thereon at UK corporation tax rate of 25% (2024: 25%) | 1,924 | (435) |
| Factors affecting credit/(expense): | | |
| - Adjustments in respect of prior years | – | 2,048 |
| Tax credit on (loss)/profit on ordinary activities | 1,924 | 1,613 |
| Effective rate | 25.00% | 92.77% |

The Company has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes currently required by IAS12 Income Taxes. No provision for Pillar 2 current tax is required in respect of this period.

Notes to the financial statements

7. Deferred tax asset

The movement in the deferred tax asset is as follows:

| | 2025 £'000 | 2024 £'000 |
|------------------------|---------------|---------------|
| Brought forward | 3,899 | 2,120 |
| Credit for the year | – | 1,779 |
| Balance at 31 December | 3,899 | 3,899 |

The deferred tax credit in the period comprises the following temporary differences:

| | 2025 £'000 | 2024 £'000 |
|---|---------------|---------------|
| Pensions and other post-retirement benefits | – | (80) |
| Other temporary differences | – | 1,859 |
| Total deferred tax credit | – | 1,779 |

The deferred tax asset comprises:

| | 2025 £'000 | 2024 £'000 |
|-----------------------------|---------------|---------------|
| Other temporary differences | 3,899 | 3,899 |
| Total deferred tax asset | 3,899 | 3,899 |

At the balance sheet date, a deferred tax asset of £3,899k has been recognised (2024: £3,899k) based on the expectation that the company will be able to benefit from group relief with connected companies.

8. Trade and other receivables

| | 2025 £'000 | 2024 £'000 |
|---------------------------------|---------------|---------------|
| Trade receivables | 822 | 617 |
| Other debtors | 14,066 | 11,944 |
| Prepayments | 205 | 551 |
| Other tax and social security | 21 | 31 |
| Amounts owed to Group Companies | – | 23 |
| | 15,114 | 13,166 |

Of the above total, £nil (2024: £nil) is expected to be settled more than one year after the reporting date. No interest is charged on trade and other receivables. Amounts owed from Group Companies are repayable on demand.

Trade receivables are generally due on receipt of invoice or initial recognition of the debtor. Trade receivables that are neither past due nor impaired are considered by the Directors to be credit worthy on the basis that they have been subject to the Company credit check procedures.

As at 31 December 2025 trade receivables and other debtors of £849k were past due (2024: £715k) but not impaired for the Company. The aging analysis of these receivables is as follows:

| | 2025 £'000 | 2024 £'000 |
|-------------------------|---------------|---------------|
| Up to 3 months past due | 716 | 553 |
| 3 to 6 months past due | 60 | 40 |
| Over 6 months past due | 73 | 122 |
| | 849 | 715 |

Expected credit loss assessment

The Company uses an allowance matrix to measure the ECLs of trade receivables and other debtors due from individual customers, which comprise a large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and other debtors as at 31 December 2025.

| | Weighted- average loss rate | Gross carrying amount £'000 | Loss allowance £'000 | Credit- impaired |
|------------------------|-----------------------------------|-----------------------------------|----------------------------|---------------------|
| < 9 months past due | 30.20% | 1,182 | (357) | No |
| 9 – 12 months past due | 80.65% | 124 | (100) | No |
| > 12 months past due | 100.00% | 480 | (480) | Yes |
| | | 1,786 | (937) | |

Notes to the financial statements

8. Trade and other receivables (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and other debtors as at 31 December 2024.

| | Weighted-average loss rate | Gross carrying amount £'000 | Loss allowance £'000 | Credit-impaired |
|------------------------|----------------------------|--------------------------------|-------------------------|-----------------|
| < 9 months past due | 22.49% | 818 | (184) | No |
| 9 – 12 months past due | 42.86% | 140 | (60) | No |
| > 12 months past due | 100.00% | 145 | (145) | Yes |
| | | 1,103 | (389) | |

Loss rates are based on actual historic credit loss experience. These rates are multiplied by scalar factors to reflect current economic conditions and the Company's view of economic conditions over the expected lives of the receivables.

The majority of the Company's customers are individuals or counterparties not issued ratings by credit ratings agencies, therefore customer credit ratings have not been disclosed.

The movement in the provision for impairment of receivables was as follows:

| | 2025 £'000 | 2024 £'000 |
|------------------------|---------------|---------------|
| At 1 January | 389 | 157 |
| Write-offs in the year | 6 | – |
| Increase for the year | 545 | 232 |
| At 31 December | 940 | 389 |

9. Cash and cash equivalents

| | 2025 £'000 | 2024 £'000 |
|--------------------------|---------------|---------------|
| Cash at bank and in hand | 42,182 | 36,374 |

The Directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on cash and cash equivalents is limited because the counterparties are large, established UK banks.

10. Trade and other payables

| | 2025 £'000 | 2024 £'000 |
|---------------------------------|---------------|---------------|
| Trade payables | 128 | 343 |
| Other payables | 502 | 156 |
| Accruals | 2,058 | 2,810 |
| Deferred income | – | 678 |
| Amounts owed to Group Companies | 9,575 | 1,076 |
| | 12,263 | 5,063 |

Of the above total, £nil (2024: £nil) is expected to be settled more than one year after the reporting date.

No interest is charged on trade and other payables. Amounts owed to Group Companies are repayable on demand.

Notes to the financial statements

11. Provisions

Provisions are recognised for present obligations arising as the consequence of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated.

The Company held the following provisions at the year-end date:

| | Customer Redress Provision £'000 |
|---|---|
| Balance at 1 January 2025 | 2,367 |
| Charged to the Income Statement | (82) |
| Used during the year | (1,493) |
| Closing provision at 31 December 2025 | 792 |
| | – |
| Non-current, to be utilised in more than one year | – |
| Current – to be utilised within one year | 792 |
| Closing provision at 31 December 2025 | 792 |

Customer redress provision

The Company holds a provision for potential redress cases where it had identified a present obligation and payment is likely. Payments are due directly to clients to remediate errors. The majority of the outstanding issues are expected to be resolved in 2026.

12. Share capital

| | 2025 £'000 | 2024 £'000 |
|---|-----------------------|-----------------------|
| Issued and fully paid: | | |
| 70,855 (2024: 60,855,000) voting ordinary 'A' shares of £1 each | 70,855 | 60,855 |
| | 70,855 | 60,855 |

During the year, the Company issued 10,000,000 (2024: 14,000,000) ordinary shares to the parent undertaking, Embark Group Limited, for a total consideration of £10,000,000 (2024: £14,000,000).

13. Notes to the Statement of Cash Flows

| | 2025 £'000 | 2024 £'000 |
|--|-----------------------|-----------------------|
| Operating (loss)/profit | (8,441) | 1,752 |
| Adjustments for: | | |
| Movement in provisions | (1,024) | 2,599 |
| Foreign exchange losses | 470 | 247 |
| Operating cash flows before movements in working capital | (8,995) | 4,598 |
| (Increase) in receivables | (2,094) | (1,399) |
| Increase/(Decrease) in payables | 6,799 | (3,539) |
| Tax (paid)/received | (178) | 310 |
| Cash used in operations | (4,468) | (30) |
| Net cash used in operating activities | (4,468) | (30) |

Notes to the financial statements

14. Risk management

The Company's financial instruments primarily comprise cash and cash equivalents, trade payables and trade receivables. All of these arise as a result of the Company's normal operations. The Company does not enter into transactions for speculative purposes and there are no instruments held for trading.

The Company manages its risks in accordance with the Group Risk Policies and Board approved risk appetite. The main financial risks arising from the Company's financial instruments are credit risk, market risk, interest rate risk, liquidity risk and capital risk. These are further discussed below:

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's recoverability of fees billed to customers and counterparties.

Credit risk is mitigated by::

- Limiting the amount of exposure to any one party;
- Only dealing with creditworthy counterparties;
- Embedding suitable processes to recover debt when it becomes overdue; and
- Ensuring a suitable provision for bad and doubtful debt is maintained.

A summary of the current position on Company receivables is included in note 8.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The maximum credit exposure to credit risk at the reporting date was:

| | 2025 £'000 | 2024 £'000 |
|---------------------------|---------------|---------------|
| Cash and cash equivalents | 42,182 | 36,374 |
| Trade & other receivables | 15,114 | 13,166 |
| | 57,296 | 49,540 |

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income. The objective of the Company's market risk management strategy is to manage and control the market risk exposures within acceptable parameters to ensure the Company's solvency while optimising the return.

(c) Interest rate risk

The Company is exposed to interest rate risk as a result of positive holding of corporate cash balances which earn interest at a variable rate.

The Company has interest bearing assets and liabilities on its Statement of Financial Position. These assets include cash and borrowings and loans which earn or charge interest at a variable rate.

Given the size of the Company, there is no requirement for a separate treasury department; therefore, the finance department review the level of cash balances within the business on a daily basis and ensure the utilisation of its cash balances is optimised.

The main market risk of the Company is interest rate risk. If during the year interest rates had been 20% higher or lower with all other variables held constant, the Company's income statement would be as shown in the table below:

| | -20% £'000 | Treasury revenue £'000 | +20% £'000 |
|---------------------------|---------------|------------------------------|---------------|
| Adjusted treasury revenue | 12,519 | 15,649 | 18,779 |

Notes to the financial statements

14. Risk management (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by:

- Building a business that is cash generative;
- Maintaining at all times a stock of liquid assets that are of sufficient quality and quantity so as to be able to withstand the Company's liquidity stress scenarios;
- Monitoring liquidity risk exposures on an ongoing basis under a variety of market-wide and idiosyncratic liquidity stress scenarios; and
- Maintaining a diversified funding base.

The following table shows the contractual maturities of the Company's financial liabilities, all of which are measured at amortised cost:

| | At 31 December 2025 | | At 31 December 2024 | |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Trade payables £'000 | Other Payables £'000 | Trade payables £'000 | Other Payables £'000 |
| < 6 months | 128 | 12,135 | 343 | 4,042 |
| Carrying value of liabilities | 128 | 12,135 | 343 | 4,042 |

(e) Capital risk management (unaudited)

Capital is held by the Company to protect its customers, cover its inherent risks, provide a cushion for stress events and to support its business strategy. In assessing the adequacy of its capital resources, the Company considers its risk appetite, the material risks to which it is exposed, and the appropriate strategies required to manage those risks.

The Company objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, continuity of service to customers and maintain an optimal capital structure to reduce the cost of capital.

The Company defines capital as being share capital plus reserves. The Company is subject to externally imposed capital requirements from the Financial Conduct Authority. These are reported monthly to the Board. The Company has complied with all the relevant rules and requirements throughout the year.

The Company prepares regular reports on the current and forecasted levels of capital, as well as the results of stress scenarios, to the Board and executive leadership team (Chaired by the Chief Executive Officer). The key assumptions and risk drivers used to create the stress tests are regularly monitored and reported.

The table below sets out the regulatory capital requirements and the required capital held at 31 December in each year.

| | 2025 £'000 | 2024 £'000 |
|--------------------------------|---------------|---------------|
| Regulatory capital held | 46,165 | 40,362 |
| Regulatory capital requirement | 24,204 | 22,521 |

Notes to the financial statements

15. Related party transactions

During the year the following related party transactions were entered into with other Group subsidiaries:

The Company has been charged by its fellow subsidiary, Embark Corporate Services Limited, £56,257k (2024: £42,590) for central shared services. At the year-end there was a balance owing to Embark Corporate Services Limited of £9,519k (2024: £1,031k).

The Company has been charged by its fellow subsidiary, Embark Investments Limited, £157k (2024: £215k) for investment due diligence services and investment governance services. At the year-end there was a balance owing to Embark Investments Limited of £nil (2024: £18k).

Transactions between the Company and key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company which, for the Company, are all Directors and IP&IExCo members. Key management personnel, as defined by IAS 24, are employed by a management entity, transactions with this entity are as follows:

Key management compensation

| | 2025 £'000 | 2024 £'000 |
|------------------------------|---------------|---------------|
| Short-term employee benefits | 122 | 104 |
| Post-employment benefits | 2 | 2 |
| Share-based payments | 37 | 20 |
| | 161 | 126 |

Included in short term employee benefits is the aggregate amount of emoluments paid to or receivable by Directors in respect of qualifying services of £40k (2024: £96k).

There were no retirement benefits accruing to Directors (2024: nil) under defined benefit pension schemes. 1 Director (2024: no Directors) are paying into a defined contribution scheme. There were no contributions paid to a pension scheme for qualifying services (2024: nil).

Certain members of key management in the Company, including the highest paid Director, provide services to other companies within Lloyds Banking Group. In such cases, for the purposes of this note, figures have been included based on an apportionment to the Company of the total compensation earned.

The aggregate amount of money receivable and the net value of assets received/receivable under share based incentive schemes in respect of Directors qualifying services was £20k (2024: £18k). During the year, no Directors exercised share options (2024: no Directors) and 2 Directors received qualifying service shares under long term incentive schemes (2024: 2). Movements in share options are as follows:

| | 2025 £'000 | 2024 £'000 |
|--|---------------|---------------|
| Outstanding at 1 January | 14 | – |
| Outstanding balance of directors newly appointed in the period | 325 | 1 |
| Granted | 145 | 27 |
| Vested | (90) | (12) |
| Forfeited | (3) | (1) |
| Outstanding balance of directors resigned in the period | (94) | (1) |
| Outstanding at 31 December | 297 | 14 |

Detail regarding the highest paid Director is as follows:

| | 2025 £'000 | 2024 £'000 |
|----------------------------------|---------------|---------------|
| Apportioned aggregate emoluments | 19 | 66 |
| Apportioned share-based payments | 18 | 15 |

16. Parent undertaking and controlling party

The Company's immediate parent undertaking is Embark Group Limited, a company incorporated in England and Wales. The Registered Office Address of Embark Group Limited is 33 Old Broad Street, London, United Kingdom EC2N 1HZ.

Emark Group Limited has taken advantage of the provisions of the Companies Act 2006 and has not produced consolidated Financial Statements.

The ultimate parent undertaking and controlling party is Lloyds Banking Group plc, which is the parent undertaking of the only group to consolidate these financial statements. Once approved, copies of the consolidated Annual Report and Accounts of Lloyds Banking Group may be obtained from Lloyds Banking Group's head office at 33 Old Broad Street, London, EC2N 1HZ or downloaded via www.lloydsbankinggroup.com.

Notes to the financial statements

17. Insurance contract liabilities and reinsurance assets

Insurance liabilities arise from a return of contribution on death benefit provided on accounts opened prior to 29 April 2011 in the legacy CUTAS book of business. The insurance contract liability represents the estimated liability for any shortfall in the value of units on the additional benefit provided by the Company to investors in the event of death of an investor, where the Company will pay the greater of the fund value and the investments made, less any distributions and withdrawals taken. The obligations in respect of the return of contribution on death benefit were transferred to the Company from Sterling ISA Managers Limited ("SIML") on 17 February 2023.

The methodology for calculating the insurance liability and reinsurance contract utilises the Black-Scholes model for all in scope contracts by valuing the guarantee cost for each policy as being equivalent to the cost of a European put option. The methodology was adopted from SIML when the business transferred, and has been adapted to ensure it is appropriate for IFRS17. The key IFRS17 related changes made to the methodology and the model are:

- Allowance for reinsurer default risk has been included in the present value of future reinsurance recoveries, as required by IFRS17
- A risk adjustment for non-financial risk. This reflects the additional liability and reinsurance recovery amounts should the lapse and mortality experience be worse than anticipated.

Summary of insurance contract liabilities and reinsurance assets

| | 2025 £'000 | 2024 £'000 |
|---------------------------------------|---------------|---------------|
| Insurance Contract Liabilities | | |
| - Present value of future cash flows | (348) | (678) |
| - Risk Adjustment | (61) | (132) |
| - Contractual Service Margin | – | – |
| | (409) | (810) |
| Reinsurance Contract Assets | | |
| - Present value of future cash flows | 346 | 673 |
| - Risk Adjustment | 61 | 132 |
| - Contractual Service Margin | 2 | 8 |
| | 409 | 813 |
| Net Assets | – | 3 |

Notes to the financial statements

17. Insurance contract liabilities and reinsurance assets (continued)

Reconciliation of insurance balances for remaining coverage

| 2025 | Liabilities for remaining coverage | | Liability for incurred claims | Total |
|--|------------------------------------|----------------|-------------------------------|-------|
| | Excluding loss component | Loss component | | |
| | £'000 | £'000 | £'000 | £'000 |
| At 1 January | | | | |
| Insurance contract assets | - | - | - | - |
| Insurance contract liabilities | - | (810) | - | (810) |
| | - | (810) | - | (810) |
| Insurance revenue | | | | |
| Contracts under the modified retrospective transition approach | - | - | - | - |
| Contracts under the fair value transition approach | - | - | - | - |
| Other contracts | - | - | - | - |
| | - | - | - | - |
| Insurance service expenses | | | | |
| Incurred claims and other directly attributable expenses | - | 42 | (22) | 20 |
| Adjustments to liabilities for incurred claims | - | - | - | - |
| Losses and reversal of losses on onerous contracts | - | 317 | - | 317 |
| Amortisation of insurance acquisition cash flows | - | - | - | - |
| | - | 359 | (22) | 337 |
| | - | 359 | (22) | 337 |
| Insurance service result | | | | |
| | - | 359 | (22) | 337 |
| Finance income from insurance contracts issued | - | 42 | - | 42 |
| Exchange differences | - | - | - | - |
| Total change in profit or loss | - | 401 | (22) | 379 |
| Investment components | | | | |
| | - | - | - | - |
| Cash flows | | | | |
| Premiums received | - | - | - | - |
| Claims and other insurance service expenses paid | - | - | 22 | 22 |
| Insurance acquisition cash flows | - | - | - | - |
| | - | - | 22 | 22 |
| At 31 December | | | | |
| Insurance contract assets | - | - | - | - |
| Insurance contract liabilities | - | (409) | - | (409) |
| Net asset/(liability) | - | (409) | - | (409) |

Notes to the financial statements

17. Insurance contract liabilities and reinsurance assets (continued)

Reconciliation of insurance balances for remaining coverage

| 2024 | Liabilities for remaining coverage | | Liability for incurred claims | Total |
|--|------------------------------------|----------------|-------------------------------|---------|
| | Excluding loss component | Loss component | | |
| | £'000 | £'000 | £'000 | £'000 |
| At 1 January | | | | |
| Insurance contract assets | - | - | - | - |
| Insurance contract liabilities | - | (1,615) | - | (1,615) |
| | - | (1,615) | - | (1,615) |
| Insurance revenue | | | | |
| Contracts under the modified retrospective transition approach | - | - | - | - |
| Contracts under the fair value transition approach | - | - | - | - |
| Other contracts | - | - | - | - |
| | - | - | - | - |
| Insurance service expenses | | | | |
| Incurred claims and other directly attributable expenses | - | 83 | (65) | 18 |
| Adjustments to liabilities for incurred claims | - | - | - | - |
| Losses and reversal of losses on onerous contracts | - | 310 | - | 310 |
| Amortisation of insurance acquisition cash flows | - | - | - | - |
| | - | 393 | (65) | 328 |
| | - | | | - |
| Insurance service result | - | 393 | (65) | 328 |
| Finance income from insurance contracts issued | - | 412 | - | 412 |
| Exchange differences | - | - | - | - |
| Total change in profit or loss | - | 805 | (65) | 740 |
| | | | | - |
| Investment components | - | - | - | - |
| | | | | - |
| Cash flows | | | | |
| Premiums received | - | - | - | - |
| Claims and other insurance service expenses paid | - | - | 65 | 65 |
| Insurance acquisition cash flows | - | - | - | - |
| | - | - | 65 | 65 |
| At 31 December | | | | |
| Insurance contract assets | - | - | - | - |
| Insurance contract liabilities | - | (810) | - | (810) |
| Net asset/(liability) | - | (810) | - | (810) |

Notes to the financial statements

17. Insurance contract liabilities and reinsurance assets (continued)

Reconciliation of the measurement components of insurance contract balances

| Total | 2025 | | | |
|--|--|---|-------------------------------|-------|
| | Present value of future cash flows | Risk adjustment for non-financial risk | Contractual Service Margin | Total |
| | £'000 | £'000 | £'000 | £'000 |
| At 1 January | | | | |
| Insurance contract assets | - | - | - | - |
| Insurance contract liabilities | (678) | (132) | - | (810) |
| | (678) | (132) | - | (810) |
| Relating to current services | | | | |
| CSM recognised for services provided | - | - | - | - |
| Changes in risk adjustment for non-financial risk for risk expired | - | 7 | - | 7 |
| Experience adjustments | 13 | - | - | 13 |
| Relating to future services | | | | |
| Contracts initially recognised in the year | - | - | - | - |
| Changes in estimates that adjust the CSM | - | - | - | - |
| Changes in estimates that result in losses and reversal of losses on onerous contracts | 278 | 39 | - | 317 |
| | 291 | 46 | - | 337 |
| Relating to past services | | | | |
| Adjustments to liabilities for incurred claims | - | - | - | - |
| Insurance service result | 291 | 46 | - | 337 |
| Finance income from insurance contracts issued | | | | |
| Relating to change in financial assumptions | 47 | 31 | - | 78 |
| Relating to unwind of discount rate | (30) | (6) | - | (36) |
| Exchange differences | - | - | - | - |
| Total change in profit or loss | 308 | 71 | - | 379 |
| Investment components | - | - | - | - |
| Cash flows | | | | |
| Premiums received including investment components | - | - | - | - |
| Claims and other insurance service expenses paid | 22 | - | - | 22 |
| Insurance acquisition cash flows | - | - | - | - |
| | 22 | - | - | 22 |
| At 31 December | | | | |
| Insurance contract assets | - | - | - | - |
| Insurance contract liabilities | (348) | (61) | - | (409) |
| Net asset/(liability) | (348) | (61) | - | (409) |

Notes to the financial statements

17. Insurance contract liabilities and reinsurance assets (continued)

Reconciliation of the measurement components of insurance contract balances

| Total | 2024 | | | |
|--|--|---|-------------------------------|---------|
| | Present value of future cash flows | Risk adjustment for non-financial risk | Contractual Service Margin | Total |
| | £'000 | £'000 | £'000 | £'000 |
| At 1 January | | | | |
| Insurance contract assets | - | - | - | - |
| Insurance contract liabilities | (1,324) | (291) | - | (1,615) |
| | (1,324) | (291) | - | (1,615) |
| Relating to current services | | | | |
| CSM recognised for services provided | - | - | - | - |
| Changes in risk adjustment for non-financial risk for risk expired | - | 15 | - | 15 |
| Experience adjustments | 3 | - | - | 3 |
| Relating to future services | | | | |
| Contracts initially recognised in the year | - | - | - | - |
| Changes in estimates that adjust the CSM | - | - | - | - |
| Changes in estimates that result in losses and reversal of losses on onerous contracts | 250 | 60 | - | 310 |
| | 253 | 75 | - | 328 |
| Relating to past services | | | | |
| Adjustments to liabilities for incurred claims | - | - | - | - |
| Insurance service result | 253 | 75 | - | 328 |
| Finance income from insurance contracts issued | | | | |
| Relating to change in financial assumptions | 386 | 97 | - | 483 |
| Relating to unwind of discount rate | (58) | (13) | - | (71) |
| Exchange differences | - | - | - | - |
| Total change in profit or loss | 581 | 159 | - | 740 |
| Investment components | - | - | - | - |
| Cash flows | | | | |
| Premiums received including investment components | - | - | - | - |
| Claims and other insurance service expenses paid | 65 | - | - | 65 |
| Insurance acquisition cash flows | - | - | - | - |
| | 65 | | | 65 |
| At 31 December | | | | |
| Insurance contract assets | - | - | - | - |
| Insurance contract liabilities | (678) | (132) | - | (810) |
| Net asset/(liability) | (678) | (132) | - | (810) |

Notes to the financial statements**17. Insurance contract liabilities and reinsurance assets (continued)****Reconciliation of reinsurance balances for remaining coverage**

| | 2025 | | | |
|--|---------------------------------------|--------------------------------|---------------------------------|-------|
| | Asset for remaining coverage | | Asset for Incurred claims | Total |
| | Excluding loss- recovery component | Loss- recovery component | | |
| | £'000 | £'000 | £'000 | £'000 |
| At 1 January | | | | |
| Reinsurance contract assets | - | 813 | - | 813 |
| Reinsurance contract liabilities | - | - | - | - |
| | - | 813 | - | 813 |
| Allocation of reinsurance premiums paid | | | | |
| All contracts | - | - | - | - |
| Amounts recoverable from reinsurers | | | | |
| Recoveries of incurred claims and other insurance service expenses | - | (42) | 22 | (20) |
| Recoveries and reversals of recoveries of losses on onerous underlying contracts | - | (320) | - | (320) |
| Adjustments to assets for incurred claims | - | - | - | - |
| | - | (362) | 22 | (340) |
| Effect of changes in non-performance risk of reinsurers | - | - | - | - |
| Net income/(expense) from reinsurance contracts held | - | (362) | 22 | (340) |
| Finance expense from reinsurance contracts held | - | (42) | - | (42) |
| Exchange differences | - | - | - | - |
| Total change in profit or loss | - | (404) | 22 | (382) |
| Investment components | - | - | - | - |
| Cash flows | | | | |
| Premiums paid | - | - | - | - |
| Amounts received | - | - | (22) | (22) |
| | - | - | (22) | (22) |
| Transfer to other items in the balance sheet | - | - | - | - |
| Reinsurance contract assets | - | 409 | - | 409 |
| Reinsurance contract liabilities | - | - | - | - |
| Net asset/(liability) | - | 409 | - | 409 |

Notes to the financial statements

17. Insurance contract liabilities and reinsurance assets (continued)

Reconciliation of reinsurance balances for remaining coverage

| | 2024 | | | |
|--|---------------------------------------|--------------------------------|---------------------------------|-------|
| | Asset for remaining coverage | | Asset for Incurred claims | Total |
| | Excluding loss- recovery component | Loss- recovery component | | |
| | £'000 | £'000 | £'000 | £'000 |
| At 1 January | | | | |
| Reinsurance contract assets | - | 1,616 | - | 1,616 |
| Reinsurance contract liabilities | - | - | - | - |
| | - | 1,616 | - | 1,616 |
| Allocation of reinsurance premiums paid | | | | |
| All contracts | - | - | - | - |
| Amounts recoverable from reinsurers | | | | |
| Recoveries of incurred claims and other insurance service expenses | - | (83) | 65 | (18) |
| Recoveries and reversals of recoveries of losses on onerous underlying contracts | - | (310) | - | (310) |
| Adjustments to assets for incurred claims | - | - | - | - |
| | - | (393) | 65 | (328) |
| Effect of changes in non-performance risk of reinsurers | - | - | - | - |
| Net income/(expense) from reinsurance | - | (393) | 65 | (328) |
| Finance expense from reinsurance contracts held | - | (410) | | (410) |
| Exchange differences | - | - | - | - |
| Total change in profit or loss | - | (803) | 65 | (738) |
| Investment components | - | - | - | - |
| Cash flows | | | | |
| Premiums paid | - | - | - | - |
| Amounts received | - | - | (65) | (65) |
| | - | - | (65) | (65) |
| Transfer to other items in the balance sheet | - | - | - | - |
| Reinsurance contract assets | - | 813 | - | 813 |
| Reinsurance contract liabilities | - | - | - | - |
| Net asset/(liability) | - | 813 | - | 813 |

Notes to the financial statements

17. Insurance contract liabilities and reinsurance assets (continued)

Reconciliation of the measurement components of reinsurance contract balances

| Total | 2025 | | | Total |
|--|------------------------------------|--|----------------------------|--------------|
| | Present value of future cash flows | Risk adjustment for non-financial risk | Contractual service margin | |
| | £'000 | £'000 | £'000 | |
| At 1 January | | | | |
| Reinsurance contract assets | 673 | 132 | 8 | 813 |
| Reinsurance contract liabilities | - | - | - | - |
| | 673 | 132 | 8 | 813 |
| Relating to current services | | | | |
| Contractual service margin recognised for services received | - | - | 0 | 0 |
| Changes in risk adjustment for non-financial risk for risk expired | - | (7) | - | (7) |
| Experience adjustments | (13) | - | - | (13) |
| | | | | - |
| Relating to future services | | | | |
| Contracts initially recognised in the year | - | - | - | - |
| Changes in estimates that adjust the contractual service margin | (107) | (16) | (5) | (128) |
| Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts | (171) | (23) | (6) | (200) |
| | | | | |
| Relating to past services | | | | |
| Changes to assets for incurred claims | - | - | - | - |
| Effect of changes in non-performance risk of reinsurers | 3 | - | 5 | 8 |
| Net income from reinsurance contracts held | (288) | (46) | (6) | (340) |
| | | | | |
| Net finance expense from reinsurance contracts held | | | | |
| Relating to change in financial assumptions | (46) | (31) | - | (77) |
| Relating to unwind of discount rate | 29 | 6 | 0 | 35 |
| Exchange differences | - | - | - | - |
| Total change in profit or loss | (305) | (71) | (6) | (382) |
| | | | | |
| Premiums paid | - | - | - | - |
| Amounts received | (22) | - | - | (22) |
| | (22) | - | - | (22) |
| | | | | |
| Reinsurance contract assets | 346 | 61 | 2 | 409 |
| Reinsurance contract liabilities | - | - | - | - |
| Net asset/(liability) | 346 | 61 | 2 | 409 |

Notes to the financial statements

17. Insurance contract liabilities and reinsurance assets (continued)

Reconciliation of the measurement components of reinsurance contract balances

| Total | 2024 | | | Total |
|--|------------------------------------|--|----------------------------|--------------|
| | Present value of future cash flows | Risk adjustment for non-financial risk | Contractual service margin | |
| | £'000 | £'000 | £'000 | |
| At 1 January | | | | |
| Reinsurance contract assets | 1,315 | 291 | 10 | 1,616 |
| Reinsurance contract liabilities | - | - | - | - |
| | 1,315 | 291 | 10 | 1,616 |
| Relating to current services | | | | |
| Contractual service margin recognised for services received | - | - | 0 | 0 |
| Changes in risk adjustment for non-financial risk for risk expired | - | (15) | - | (15) |
| Experience adjustments | (2) | - | - | (2) |
| | | | | - |
| Relating to future services | | | | |
| Contracts initially recognised in the year | - | - | - | - |
| Changes in estimates that adjust the contractual service margin | (25) | (3) | (8) | (36) |
| Changes in estimates that relate to losses and reversals of losses on underlying onerous contracts | (228) | (57) | (2) | (287) |
| Relating to past services | | | | |
| Changes to assets for incurred claims | - | - | - | - |
| Effect of changes in non-performance risk of reinsurers | 4 | - | 7 | 11 |
| Net income from reinsurance contracts held | (251) | (75) | (3) | (329) |
| Net finance expense from reinsurance contracts held | | | | |
| Relating to change in financial assumptions | (383) | (97) | - | (480) |
| Relating to unwind of discount rate | 57 | 13 | 1 | 71 |
| Exchange differences | - | - | - | - |
| Total change in profit or loss | (577) | (159) | (2) | (738) |
| Premiums paid | - | - | - | - |
| Amounts received | (65) | - | - | (65) |
| | (65) | - | - | (65) |
| Reinsurance contract assets | 673 | 132 | 8 | 813 |
| Reinsurance contract liabilities | - | - | - | - |
| Net asset/(liability) | 673 | 132 | 8 | 813 |

Notes to the financial statements

17. Insurance contract liabilities and reinsurance assets (continued)

Contractual Service Margin

The table below outlines the expected release of the CSM at each time period

| 2025 | Less than 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | 5 to 10 years | Over 10 years | Total |
|---------------------------------------|------------------|--------------|--------------|--------------|--------------|---------------|---------------|-------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Insurance contract liabilities | | | | | | | | |
| Total | - | - | - | - | - | - | - | - |
| Reinsurance contracts | | | | | | | | |
| Total | (0) | (0) | (0) | (0) | (0) | (1) | (1) | (2) |
| | | | | | | | | |
| 2024 | Less than 1 year | 1 to 2 years | 2 to 3 years | 3 to 4 years | 4 to 5 years | 5 to 10 years | Over 10 years | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Insurance contract liabilities | | | | | | | | |
| Total | - | - | - | - | - | - | - | - |
| Reinsurance contracts | | | | | | | | |
| Total | (1) | (0) | (0) | (0) | (0) | (2) | (5) | (8) |

Sensitivity Analysis

The following table demonstrates the effect of changes in key assumptions on profit before tax assuming that the other assumptions remain unchanged. It is seen that, due to the reinsurance contract held, there is negligible PBT impact to changes in these

| Variable | Change in variable | PBT change £'000 | | Equity change £'000 | |
|-------------------|--------------------|----------------------|--------------------|------------------------|--------------------|
| | | Gross of Reinsurance | Net of Reinsurance | Gross of Reinsurance | Net of Reinsurance |
| Mortality | 10% increase | (19) | 1 | (19) | 1 |
| | 10% decrease | 21 | 2 | 21 | 2 |
| Lapse | 10% increase | 41 | 1 | 41 | 1 |
| | 10% decrease | (51) | 3 | (51) | 3 |
| Interest Rates | 1% increase | 104 | 1 | 104 | 1 |
| | 1% decrease | (158) | (1) | (158) | (1) |
| Equity Volatility | 10% increase | (68) | (0) | (68) | (0) |
| | 10% decrease | 60 | 0 | 60 | 0 |

Notes to the financial statements

17. Insurance contract liabilities and reinsurance assets (continued)

Assumptions

The measurement components of liabilities of the Company are determined on the basis of recognised actuarial methods. The methods used involve estimating future policy cash flows over the duration of the in-force book of policies, and discounting these cash flows back to the valuation date allowing for probabilities of occurrence.

Assumptions are made in respect of all material factors affecting future cash flows, including future interest rates, persistency, mortality and equity volatility.

Generally, assumptions used to value the liabilities are on a realistic best estimate basis. A Risk Adjustment is held reflecting the compensation the entity requires for bearing the uncertainty within the future cashflows, due to non-financial risk. The assumptions to which the liabilities are most sensitive are the interest rates used to discount the cash flows and the persistency assumptions.

The key assumptions used in the measurement of the non-participating fund liabilities are:

Interest rates

Discount rates used to value the liabilities are set with reference to directly observable market data on risk-free interest rates:

| | 1 year | 5 years | 10 years | 20 years | 30 years |
|-------------------------|---------------|----------------|-----------------|-----------------|-----------------|
| 31 December 2024 | 3.54% | 3.67% | 4.04% | 4.54% | 4.59% |
| 31 December 2023 | 4.46% | 4.04% | 4.07% | 4.30% | 4.23% |

Mortality

The mortality assumptions are set with reference to recent actual experience on similar savings and investments products sold within the wider LBG, supplemented by industry information.

Persistency

Historically, due to there not being a significant amount of data available on the product, assumptions on representative LBG products were also considered when setting the Lapse Assumption. Following the migration from SIML, there is now three years of credible data which have been used to set the Lapse Assumption. The assumption used as at 31 December 2025 is 13.9%.

The lapse basis will be reviewed each year as more data becomes available, and the assumption updated to reflect the best-estimate based on this data.

Equity volatility

Equity volatility assumptions are derived directly from observable market data.

Risk Adjustment

The Risk Adjustment for non-financial risk represents the compensation an entity requires for bearing the uncertainty inherent within the fulfilment cashflows. The Risk Adjustment is calculated by applying explicit margins to the best estimate assumptions used to calculate the realistic liabilities.

Lapse and mortality risk are the only two non-financial risks relevant to the Company. Explicit margins for each risk are calculated by evaluating statistical distributions for each risk, supplied by Scottish Widows Limited ("SWL") demographic and assumptions subject matter experts. These distributions are specific to savings and investments products and are used in the calculation of SWL's own risk adjustment and Solvency II capital requirements.

Under the Group's explicit margins approach, a confidence level is arrived at by following the wider Scottish Widows Group approach, targeting a 90 per cent one year value-at-risk. The confidence level chosen reflects Lloyds Banking Group's required compensation for bearing the uncertainty within insurance business cashflows arising from non-financial risk.

IFRS17 requires that the confidence level disclosed for the risk adjustment is that which represents the risk level over the lifetime of the contracts. Given that the group target is equivalent to a 90 per cent value-at risk over one year, a transformation using recognised statistical approximations (a "mean sum of squares" approach), assuming that the spread of losses during a year are normally distributed and each year's risk distributions are independent has been utilised. This results in a lifetime value-at-risk of 70 per cent.

Notes to the financial statements

17. Insurance contract liabilities and reinsurance assets (continued)

Liquidity Risk

Liquidity risk is defined as the risk that the Group does not have sufficient financial resources to meet its commitments as they fall due, or can only secure them at excessive cost.

Liquidity risk for the Company is managed in accordance with MIFIDPRU regulations and in line with the Lloyds Banking Group Funding and Liquidity Policy. The Company analyses the impact of stress scenarios on both the liquidity held and the size and timing of commitments due and ensures that it holds enough liquidity to meet obligations in these scenarios.

The liquidity risk arising from the insurance contract liabilities is small, given that reinsurance recoveries are received on a quarterly basis. Aggregate claim amounts have also historically been small, relative to the liquid assets held by the Company.

The table below shows estimates of the present value of future cashflows over time for the insurance contract liabilities and reinsurance contract held:

Credit Risk

Credit risk exists on the reinsurance contract held with ZAL. An assessment of its creditworthiness and probability of recovery has been completed by following Article 199 of the Solvency II directive, as ZAL is a solvency II firm. At YE2023, ZAL had a solvency ratio of 182% and a probability of default of 0.05%. This amount is held as part of the present value of future cashflows of the reinsurance asset, reducing the present value of the recovery amount.

| | At 31 December 2025 | | At 31 December 2024 | |
|------------------|--------------------------------|----------------------------|--------------------------------|----------------------------|
| | Insurance Contract Liabilities | Reinsurance Contracts Held | Insurance Contract Liabilities | Reinsurance Contracts Held |
| | £'000 | £'000 | £'000 | £'000 |
| Total Payable | (348) | 346 | (678) | 674 |
| Less than 1 year | (15) | 15 | (36) | 36 |
| 1 to 2 years | (16) | 16 | (38) | 38 |
| 2 to 3 years | (17) | 17 | (40) | 40 |
| 3 to 4 years | (19) | 19 | (42) | 42 |
| 4 to 5 years | (20) | 20 | (44) | 44 |
| Over 5 years | (261) | 259 | (479) | 475 |